

## Message Text

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43

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 EB-11 COME-00 TRSE-00 FEA-02 INT-08

FTC-01 JUSE-00 AID-20 IGA-02 DRC-01 /163 W

----- 121278

P R 111140Z MAY 74

FM AMEMBASSY BANGUI

TO SECSTATE WASHDC PRIORITY 4744

INFO AMEMBASSY KINSHASA

AMEMBASSY LIBREVILLE

AMEMBASSY NDJAMENA

AMEMBASSY PARIS

AMEMBASSY YAOUNDE

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E.O. 11652: N/A

TAGS: ENRG, EIND, EGEN, CT

SUBJECT: POSSIBLE GOCAR NATIONALIZATION OF OIL COMPANIES

REF (A) BANGUI 141 (B) BANGUI A-126 OF NOV. 29, 1973

1. ALTHOUGH IT HAS NOT YET BEEN ANNOUNCED, IT APPEARS LIKELY GOCAR HAS DECIDED TO NATIONALIZE FOUR OIL COMPANIES--MOBIL, TEXACO, SHELL, AND TOTAL-- IN A DISPUTE OVER EXCESS PROFITS.

2. RECENTLY THE GOCAR ASKED THE SIX OIL COMPANIES OPERATING IN THE CAR TO REFUND IT THE EXCESS AMOUNT OVER NORMAL MARKUP THAT THE COMPANIES HAVE REALIZED SINCE JANUARY 2, 1974. ON THAT DATE THE GOCAR GRANTED THE COMPANIES A SUBSTANTIAL INCREASE IN PRICES TO COMPENSATE THEM FOR THE HIGHER PRICES THAT THEY WERE PAYING TO THE SOGARA REFINERY. SOGARA HAD ALREADY SUBSTANTIALLY INCREASED ITS PRICES IN OCTOBER AND HAD ANNOUNCED A FURTHER INCREASE OF 20 PERCENT TO GO INTO EFFECT ON FEBRUARY 1, 1974. THUS

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THE GOCAR TAKING ALL THIS IN CONSIDERATION AGREED TO THE SUBSTANTIAL

INCREASE IN PRICES REQUESTED BY THE SIX OIL COMPANIES TO COMPENSATE THEM FOR THE OCTOBER THROUGH DECEMBER PERIOD DURING WHICH THEY PAID SOGARA'S HIGHER PRICES BUT WERE UNABLE TO PASS THEM ON TO THE CONSUMER AND SOGARA'S EXPECTED FEBRUARY PRICE INCREASE. HOWEVER, IT APPEARS THAT SOGARA REDUCED ITS PRICES SOMEWHAT NEAR THE END OF MARCH AND THE GOCAR BELIEVED THAT THE COMPANIES WERE MAKING EXCESS PROFITS FROM THE HIGHER PRICES WHICH NO LONGER SEEMED JUSTIFIABLE.

3. THE GOCAR CALCULATED THE EXCESS PROFITS TO BE 270 MILLION CFA (APPROX. \$1.125 MILLION) AND ORDERED THE SIX COMPANIES TO PAY IT. AGIP AND PURFINA PAID THEIR PRORATED SHARE. AGIP PAID BECAUSE IT IS ALREADY 50 PERCENT GOCAR OWNED. IT SEEMS THAT PURFINA PAID BECAUSE ITS LOCAL DIRECTOR WAS ORDERED TO DO SO BY THE PARENT COMPANY IN BRUSSELS, NOT BECAUSE HE WANTED TO PAY. BUT MOBIL, TEXACO, TOTAL, AND SHELL DID NOT WANT TO PAY ANYTHING BECAUSE OF THE GOCAR'S ARREARAGE OF ABOUT \$5 MILLION OWED TO THE SIX COMPANIES (SEE BANGUI A-126 OF NOV. 25, 1973). HOWEVER, THE GOCAR FORCED THE FOUR OIL COMPANIES TO PAY SOMETHING BY BLOCKING THEIR BANK ACCOUNTS. THUS, THE COMPANIES PAID THE GOCAR 74 MILLION CFA (\$310,000), WHICH IS WHAT THEY CONSIDER THAT THEY OWE THE GOCAR UNTIL IT NEGOTIATES WITH THEM. THE OIL COMPANIES CONSIDER THE GOCAR'S TOTAL TO BE WRONG BECAUSE IT WAS CALCULATED ON THE BASIS OF INVENTORIES THEY DID NOT HAVE.

4. ACCORDING TO TEXACO AND MOBIL SOURCES, THE GOCAR COUNCIL OF MINISTERS WAS TO DECIDE THE QUESTION OF NATIONALIZATION ON MAY 10. AT THE END OF THE MINISTERS' MEETING, NO DECISION WAS ANNOUNCED. HOWEVER, THESE SAME SOURCES BELIEVE THEY WILL BE NATIONALIZED BECAUSE THE GOCAR TREASURY BROKE OFF NEGOTIATIONS WITH THE COMPANIES THE SAME DAY.

5. AFP LOCAL CORRESPONDENT WROTE PREMATURE STORY MAY 10 THAT GOCAR HAD ALREADY NATIONALIZED THE FOUR OIL COMPANIES, BUT INSTEAD AFP OFFICE WAS ITSELF NATIONALIZED A FEW HOURS LATER AND CORRESPONDENT ARRESTED (BANGUI 456).

6. AMERICAN INTEREST IN THE POSSIBLE NATIONALIZATION OF THE FOUR OIL COMPANIES IS CENTERED ON MOBIL AND TEXACO, WHICH ALTHOUGH AFFILIATED WITH MOBIL FRANCAIS AND TEXACO CANADA, RESPECTIVELY, ARE ESSENT-

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ially subdivisions of the parent American companies.  
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